

Message Text

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PAGE 01 LONDON 00665 150953Z

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SUBJECT: FUTURE OF U.K. TELEVISION INDUSTRY

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BEGIN SUMMARY. WITH THORN COLOUR TUBES LIMITED (PARTIALLY OWNED BY RCA) CEASING THE MANUFACTURE OF COLOR PICTURE TUBES IN THE U.K., THERE IS SPECULATION AS TO THE VIABILITY OF THE TELEVISION SET MANUFACTURING INDUSTRY IN THE U.K. END SUMMARY.

CLOSING OF THMRN COLOUR PICTURE TUBES LIMITED (REFTEL) LATER THIS MONTH WILL LEAD TO IMPORTED COLOR TELEVISION PICTURE TUBES TAKING GREATER SHARE OF "LARGE" (22 AND 26 INCH TUBES) COLOR TELEVISION PICTURE TUBE MARKET IN U.K. THESE IMPORTS WILL COME PRIMARILY FROM JAPAN AND U.S. JAPAN PRESENTLY HAS ABOUT HALF OF IMPORT MARKET IN POPULAR 22 INCH COLOR TELEVISION TUBES. IN 26 INCH COLOR TELEVISION TUBES, IMPORTS (PRIMARILY FROM THE U.S.) HAVE ABOUT HALF OF THE MARKET.

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PAGE 02 LONDON 00665 150953Z

FEARS ARE BEING EXPRESSED IN THE ELECTRONIC COMPONENTS INDUSTRY THAT COSTS CONSIDERATIONS WILL LEAD TO INCREASED RELIANCE ON IMPORTED ELECTRONIC COMPONENTS IN THE MANUFACTURE OF TELEVISION SETS HERE WITH THE EVENTUAL DANGER OF ENTIRE TELEVISION SETS PRODUCED ABROAD BY U.K. SUBSIDIARIES AND IMPORTED INTO THIS MARKET. THE RADIO MANUFACTURING INDUSTRY IN THE U.K. WENT THROUGH A SIMILAR EXPERIENCE. IN 1960 THE U.K. HAD A STRONG EXPORT MARKET AND 96 PER CENT OF THE RADIOS SOLD DOMESTICALLY WERE MANUFACTURED IN THE U.K. NOW 88 PER CENT OF RADIOS SOLD IN THE U.K. EACH YEAR ARE IMPORTED.

EDITOR OF TRADE JOURNAL SPECULATED PRIVATELY THAT NO ONE REALLY KNOWS WHAT WILL BE FUTURE PRODUCTION POLICY OF DUTCH-OWNED, PHILLIPS ELECTRICAL INDUSTRIES, WHOSE MULLARD SUBSIDIARY IS NOW ONLY PRODUCER OF COLOR TELEVISION PICTURE TUBES IN U.K. PHILLIPS MAY WELL FEEL THAT TIME NOW RIGHT TO RATIONALIZE THEIR ENTIRE EUROPEAN COLOR PICTURE TUBE MANUFACTURING INTO ONE LARGE FACTORY, AS THEY HAVE DONE WITH OTHER CONSUMER ELECTRONIC EQUIPMENT. IF COLOR TELEVISION MARKET IN U.K. REMAINS DEPRESSED, THERE WOULD SEEM TO BE LITTLE CHANCE THAT SUCH A FACTORY WOULD BE CENTERED IN BRITAIN.

COMMENT: IMPLICATIONS FOR U.S. BUSINESS: THORN'S CLOSING OPENS AN INCREASED EXPORT MARKET FOR U.S. MANUFACTURERS OF COLOR TELEVISION PICTURE TUBES, AS LONG AS THEY ARE COMPETITIVE BOTH PRICE AND TECHNOLOGY. THERE WILL UNDOUBTEDLY BE STRONGER COMPETITION FROM JAPANESE MANUFACTURERS IN THIS AREA. SHOULD PHILLIPS ACTUALLY CONTEMPLATE CLOSING ITS COLOR TV MANUFACTURING PLANT HERE. THE QUESTION OF IMPORT RESTRICTIONS STRONGER THAN THE PRESENT SURVEILLANCE SYSTEM MIGHT WELL BE RAISED AS A WAY OF SAVING BOTH JOBS AND A HIGH TECHNOLOGY INDUSTRY FOR BRITAIN.
RICHARDSON

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